Last Saturday many concerned Americans watched in horror as the House passed the healthcare reform bill. If this bill makes it through the Senate, it would massively overhaul the way healthcare is delivered in this country.

Today, obviously, we don’t have a perfect system, but this legislation takes all the mistakes we are making with healthcare and makes them worse.

Most of what is wrong with healthcare stems from decades of government intervention and the resulting unintended consequences.

But the government’s prescription for the ills caused by intervention is always more intervention. We see this not only in healthcare policy, but also in foreign policy, in economic policy, and in monetary policy - basically, in all areas of public policy. It was even claimed that the House bill would increase competition in healthcare, and thereby improve the private sector’s business model for insurance.

It is fascinating that politicians would use the language of the free market in this way to justify more corporatism. This demonstrates a couple of things. O ne, that politicians truly do not understand the very basic tenets of a free market.

By definition, a free market is free from government intervention.

But once a little intervention is accepted as legitimate, politicians will blame the problems created by their intervention on the free market and present themselves as saviors that must intervene even more.

It also demonstrates that politicians know that Americans still believe the free market is a good thing. People know and understand that competition among businesses is better for the consumer than a monopoly.   However, competition between a private business and a government or government-favored entity is not real competition.

In real competition, your competitor can go bankrupt if they do a bad job. Everyon e knows a government program is forever, no matter how poorly it performs.

In real competition, efficiency is necessary for survival.

In government programs, waste is rewarded as budgets are often determined by how much money a department is able to consume in a year.

In real competition, one business does not have regulatory or taxation authority over its competitors.

In real competition, businesses get sued and punished for breaking contracts and defrauding people, and are kept accountable in this way.

But just try to sue the government when you are unjustly harmed by it!

The reason real competition is a good thing is because good businesses get bad ones out of the consumer’s way. Can the government put someone out of business?

Most certainly!

But it will have the opposite effect:

an otherwise good business will be replaced by a poorly performing government agency, or a government-favored monolithic business that behaves almost like a government agency.

If Washington really wanted to give consumers more choices they would remove legislative and regulatory barriers to competition across state lines for health insurers. They would remove barriers for new and innovative models of healthcare and tort reform. They wouldn't have run so many church and charitable hospitals out of business. Washington is keenly interested in healthcare reform, but it is certainly not going to increase competition or to expand your options for healthcare.